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U.K. Food Retailers' Performance 2018

At Indur-Vishni Wealth Management LLC we like to present our reports in a novel way. We take the numbers seriously and we carry out a certain amount of thorough research (dude, life's too short to scrutinise every piece of guff released by the company!) but we don't obsess over it and we certainly don't lose ourselves in 'jargon diarrhoea'! The object of the year-end survey is to entertain and enlighten, not bore. So, we're going to wrap up our report in a couple of pages.

We do things differently at I-VWM: we have our own recommendations. We don't use the conventional 'Buy', 'Hold' and 'Sell'. Instead, we prefer the far more colourful 'Stay The F**k Away' (S.T.F.A.), 'G.T.F.O' (you can probably figure out what the acronym stands for, especially if you liked Extreme's Get The Funk Out.) and, because we're classy and we had an expensive, private education 'Carpe'!

We pride ourselves on thinking differently from the herd. In fact, if we don't like the prospects of any stocks in a particular sector we won't hesitate in consigning the entire sector on to the rubbish heap.

We want our readers and clients to read 'em and weep (with laughter) but without losing sight of the fact that we'd like them to invest wisely and to not only retain their capital but also get a return on their capital. But, if you were dumb enough to buy any of these stocks at inflated prices you won't find this report amusing. We advise you to click the 'X' at the top right hand of the page!

General Retailers and Clothing Retailers got reamed in 2018. But, Food Retailers and supermarkets had a less traumatic year.

Once Bitten

What was once a chain of sandwich shops is now a company valued at over £2billion although **Gregg's** performance in 2018 was hardly tasty. It was down 9.5% at the end of 2018. Sure, people will always need sandwiches and salads for their lunch breaks but the stock pays a lousy divided (1.55%) and it's trading at unjustifiably frothy levels. If the U.K. economy continues its contraction, more people will become redundant and/or start economising (isn't it easier and cheaper just to make sandwiches and salads at home ?). We say, **S.T.F.A./G.T.F.O**.

Supermarket chain **Morrison**, perhaps in keeping with its mediocre standard, had a mediocre year, down just over 3%. U.K. supermarkets are battling for survival (German chains are the supermarket equivalents of the Wehrmacht and Luftwaffe, crushing the British supermarkets on multiple fronts!) and we see at least one large chain going under or being taken over (Sainsbury's and Asda have merged). We've actually used a Morrison supermarket on a number of occasions (things got so bad for them they just closed down!) on the Edgware Road and found it to be a lacklustre experience: lame selections, lamer staff. We say **S.T.F.A./G.T.F.O**.

Ocado had a fantastic year, up 96% at the end of 2018. Inspired by the home-delivery model, amazon copied it in the U.S. and is now trying to compete with Ocado on its home territory. We don't use Ocado ourselves but some of our neighbours do. There's a lot to be said for saving time and petrol by having your shopping delivered to you. However, Ocado pays no dividend so we're not going to recommend it. For those of you who already own the stock, it will probably continue to rise although its rise might be tempered if amazon starts eating its lunch. **S.T.F.A**.

Super-market chain **Sainsbury's**, too, had a positive year, finishing up just over 9%. We've used them frequently and have no complaints. As far as the stock goes, it has a mouth-watering yield of over 5-and-a-half per cent and it's trading near its 52-week lows. This is our only **Carpe** recommendation for this sector.

There's a reason **Tesco** stores come across as cheap and down-market, it's because they are! It's hard to escape the negative vibe in a Tesco store. We've used stores in Brixton and Paddington on a number of occasions and most of the staff looked sullen and as if they'd rather be elsewhere. Warren Buffet might own shares in Tesco but we're not fans of the stock (although the stores themselves are reasonably well-stocked and the market cap is over £22 billion). People will always come in to Tesco stores (they didn't as much in 2018; the stock finished down just over 9%) but they won't necessarily get the high quality stuff. Conversely, as Britons' incomes decline, perhaps they'll flock to Tesco in increasing numbers? We'd be swayed in favour of Tesco if the dividend was higher. But, since it's an unimpressive 2.5%, we're going to say **S.T.F.A**.

Although the food retailers didn't have a terrible year (Brits will always need booze, baccy n' bacon!), compared to other retailers, we were underwhelmed by the prospects of the sector, apart from Sainsbury's.

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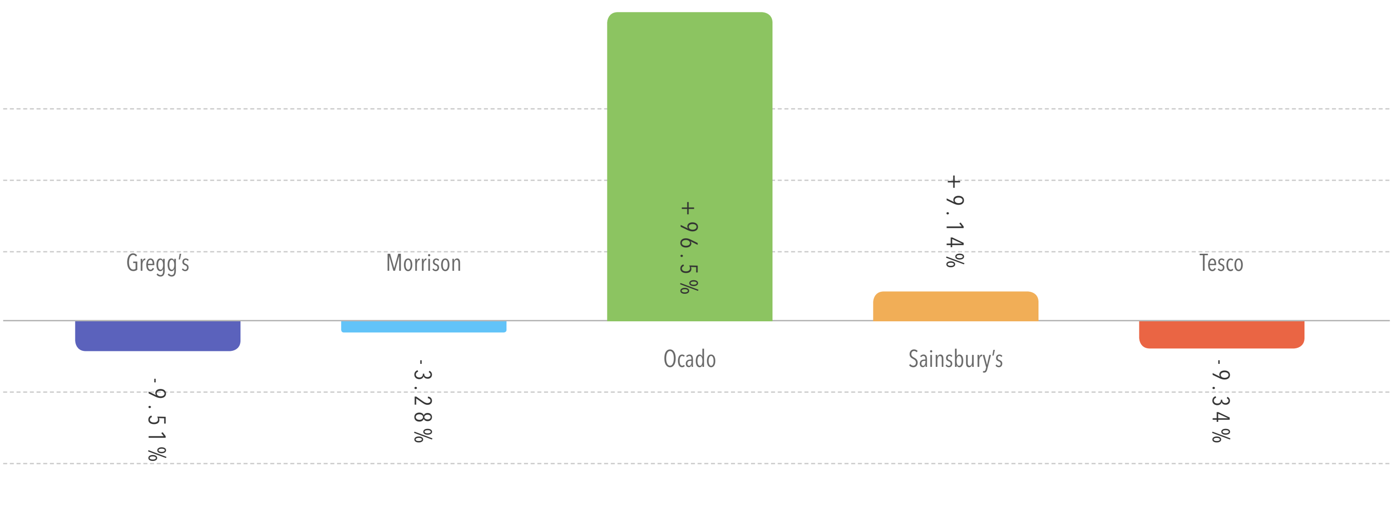

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